

COMMISSION ON FEDERAL BUDGET CONCEPTS ACT OF
2001

SEPTEMBER 5, 2001.—Ordered to be printed

Mr. NUSSLE, from the Committee on the Budget,
submitted the following

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 981]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Budget, to whom was referred the bill (H.R. 981) to provide a biennial budget for the United State Government, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Commission on Federal Budget Concepts Act of 2001”.

SEC. 2. FINDINGS AND PURPOSE.

(a) **FINDINGS.**—Congress finds that—

(1) President Lyndon Johnson created the Commission on Federal Budget Concepts in 1967 by executive order to assess the basic budget concepts that underlie the Federal budget process;

(2) the Commission’s report provided a common framework for the development, presentation, and execution of the Federal budget for the ensuing decades;

(3) since the release of that report, the Federal Government has experienced major changes in the scope of its financial commitments, the nature of its various budget transactions, the role of Congress in budget decisions, and the imposition of special controls over spending and revenue; and

(4) in view of these changes, a new Commission on Federal Budget Concepts should be created to assess the present state of budget concepts and forge a bipartisan consensus for necessary changes.

(b) **PURPOSE.**—The purpose of this Act is to establish the Commission on Federal Budget Concepts to review, evaluate, and make recommendations respecting the

budget concepts that underlie the Federal budget and the Federal budget process and to assess the feasibility of changing from an annual to a biennial budget cycle.

SEC. 3. ESTABLISHMENT OF COMMISSION ON FEDERAL BUDGET CONCEPTS.

There is established a commission to be known as the Commission on Federal Budget Concepts (hereinafter referred to as the “Commission”).

SEC. 4. POWERS AND DUTIES OF COMMISSION.

(a) **DUTIES OF THE COMMISSION.**—

(1) The duties of the Commission shall include—

(A) an identification of activities, entities, and transactions to be included in the Federal budget and the criteria for making such determinations;

(B) an assessment of the appropriate measures of Federal financial commitments to allocate resources and establish fiscal policy;

(C) an evaluation of the differences between user fees and revenue, and between various forms of user fees, and the circumstances when such fees should be accounted for as offsetting spending or adding to revenue;

(D) an appraisal of the appropriate usage of cash and accrual-based measures for various types of Federal financial commitments, such as Government insurance, loan guarantees, and leasing;

(E) recommendations of the appropriate means for recognizing the cost of acquisition and disposition of various types of nonfinancial assets;

(F) an evaluation of appropriate measures of Federal debt, borrowing, and means of financing;

(G) an assessment of the adequacy of the current account and fund structure for recording revenue and expenditures for specific classes of governmental activities;

(H) recommendations for changes in Federal budget practices to accommodate the Federal Accounting Standards Advisory Board’s recommended accounting standards;

(I) recommendations for changes in budget practices to reflect the Federal Government’s multi-year acquisitions;

(J) the appropriate means of accounting for the financial risk the Federal Government incurs from contractual and implied commitments; and

(K) an assessment of the value and feasibility of changing the Federal budget cycle from annual to biennial.

(2) **EXCEPTIONS.**—Notwithstanding paragraph (1), the Commission shall make no findings, conclusions, or recommendations respecting the following:

(A) Social security and medicare.

(B) Budget estimates and projections that assume that selected tax policies will increase gross domestic product and thereby cause an indirect increase in revenue, or that assume that increased spending for human resources or capital development will cause an indirect reduction in spending for other programs.

(C) Government-sponsored enterprises.

(b) **POWERS OF THE COMMISSION.**—

(1) **CONDUCT OF BUSINESS.**—The Commission may hold hearings, take testimony, receive evidence, and undertake such other activities necessary to carry out its duties.

(2) **ACCESS TO INFORMATION.**—The Commission may secure directly from any department of agency of the United States information necessary to carry out its duties. Upon request of the Chair of the Commission, the head of that department or agency shall furnish that information to the Commission.

(3) **POSTAL SERVICE.**—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

SEC. 5. MEMBERSHIP.

(a) **MEMBERSHIP.**—The Commission shall be composed of 14 voting members and 2 nonvoting members, as follows:

(1) Three members appointed by the chairman of the Committee on the Budget of the Senate.

(2) Three members appointed by the chairman of the Committee on the Budget of the House of Representatives.

(3) Three members appointed by the ranking member of the Committee on the Budget of the Senate.

(4) Three members appointed by the ranking member of the Committee on the Budget of the House of Representatives.

(5) The Director of the Office of Management and Budget (or his designee).

(6) The Secretary of the Treasury (or his designee).

- (7) The Comptroller General of the United States (or his designee) and the Director of the Congressional Budget Office (or his designee), who shall be non-voting members.
- (b) **QUALIFICATIONS AND TERM.**—
- (1) **QUALIFICATIONS.**—Members appointed to the Commission pursuant to subsection (a) shall—
- (A) have expertise and experience in the fields or disciplines related to the subject areas to be considered by the Commission; and
- (B) not be Members of Congress.
- (2) **TERM OF APPOINTMENT.**—The term of an appointment to the Commission shall be for the life of the Commission.
- (3) **CHAIR AND VICE CHAIR.**—The member of the Commission serving under subsection (a)(5) shall be the Chair of the Commission. A Vice Chair may be elected from among the voting members of the Commission and shall assume the duties of the Chair in the Chair's absence.
- (c) **MEETINGS; QUORUM; AND VACANCIES.**—
- (1) **MEETINGS.**—The Commission shall meet at least once a month on a day to be decided by the Commission. The Commission may meet at such other times at the call of the Chair or of a majority of its voting members. The meetings of the Commission shall be open to the public, unless by public vote, the Commission shall determine to close a meeting or any portion of a meeting to the public.
- (2) **QUORUM.**—A majority of the voting membership shall constitute a quorum of the Commission, except that 3 or more voting members may conduct hearings.
- (3) **VACANCIES.**—A vacancy on the Commission shall be filled in the same manner in which the original appointment was filled under subsection (a).
- (d) **COMPENSATION AND EXPENSES.**—Members of the Commission shall serve without pay for their service on the Commission, but may receive travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code.

SEC. 6. STAFF AND SUPPORT SERVICES.

- (a) **STAFF.**—With the advance approval of the Commission, the executive director may appoint such personnel as is appropriate. The staff of the Commission shall be appointed without regard to political affiliation and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classifications and General Schedule pay rates.
- (b) **EXECUTIVE DIRECTOR.**—The Chairman shall appoint an executive director, who shall be paid the rate of basic pay for level II of the Executive Schedule.
- (c) **EXPERTS AND CONSULTANTS.**—With the advance approval of the Commission, the executive director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.
- (d) **TECHNICAL AND ADMINISTRATIVE ASSISTANCE.**—Upon the request of the Commission—
- (1) the head of any agency, office, or establishment within the executive or legislative branches of the United States shall provide, without reimbursement, such technical assistance as the Commission determines is necessary to carry out its duties; and
- (2) the Administrator of the General Services Administration shall provide, on a reimbursable basis, such administrative support services as the Commission may require.
- (e) **DETAIL OF FEDERAL PERSONNEL.**—Upon the request of the Commission, the head of an agency, office, or establishment in the executive or legislative branch of the United States is authorized to detail, without reimbursement, any of the personnel of that agency, office, or establishment to the Commission to assist the Commission in carrying out its duties. Any such detail shall not interrupt or otherwise affect the employment status or privileges of that employee.
- (f) **CBO.**—The Director of the Congressional Budget Office shall provide the Commission with its latest research on the accuracy of its past budget and economic projections as compared to those of the Office of Management and Budget and, if possible, those of private sector forecasters. The Commission shall work with the Directors of the Congressional Budget Office and the Office of Management and Budget in their efforts to explain the factors affecting the accuracy of budget projections.

SEC. 7. REPORT.

Not later than November 15, 2002, the Commission shall transmit a report to the President and to each House of Congress. The report shall contain a detailed statement of the findings and conclusions of the Commission, together with its rec-

ommendations for such legislative or administrative actions as it considers appropriate. No finding, conclusion, or recommendation may be made by the Commission unless approved by a majority of those voting (including in such majority at least two members serving under paragraph (2), (3), (5), or (6) of section 5(a) and at least two members serving under paragraph (1) or (4) of such section), a quorum being present. At the request of any Commission member, the report shall include that member's dissenting findings, conclusions, or recommendations.

SEC. 8. TERMINATION.

The Commission shall terminate 30 days after the date of transmission of the report required in section 7.

SEC. 9. FUNDING.

There are authorized to be appropriated not more than \$1,000,000 to carry out this Act. Sums so appropriated shall remain available until expended.

Amend the title so as to read:

A bill to establish the Commission on Federal Budget Concepts.

BRIEF SUMMARY

H.R. 981, the "Commission on Federal Budget Concepts Act of 2001," establishes a 16-member commission to review, evaluate, and make recommendations respecting the budget concepts that underlie the Federal budget and the Federal budget process.

LEGISLATIVE HISTORY

On March 3, 1967, President Lyndon B. Johnson established a Commission of experts to evaluate budget concepts that underlie the Federal budget and the budget process. This Commission was known as the President's Commission on Budget Concepts. The Commission delivered its report to President Johnson in October of 1967.

The 1967 Commission recommended the institution of a unitary budget that would include all receipts, expenditures, and direct lending activity. The practice in 1967 was for the President to submit three different budgets to Congress (administrative, consolidated cash, and national income and product accounts), which worked to obscure the overall budget picture. The Commission's additional recommendations included:

- broadening the definition of appropriations to include all types of obligating authority;
- including all Federal programs in the budget;
- reporting expenditures and receipts as they become due rather than when the payments are actually made or received. In other words, moving from cash accounting to accrual accounting;
- distinguishing loans from expenditures in the calculation of the surplus or deficit;
- excluding insurance and loan guarantees from budget totals;
- treating non-tax receipts that are enterprise oriented as offsets to their related expenditures;
- providing more frequent mid-session updates on the budget projections; and
- extending budget estimates farther into the future.

In addition, the Commission strongly recommended against the creation of a capital budget.

The Johnson Administration adopted the Commission's most significant recommendation and presented a unitary budget to Con-

gress for fiscal year 1969. In addition, the Commission's recommendations serve as the foundation for most budgetary concepts used at the present time. Despite the success of the 1967 Commission, no similar Commission has been established since then.

In the 106th and 107th Congresses, Representative George P. Radanovich introduced bills to establish the National Commission on Budget Concepts. These bills, H.R. 5233 (106th Congress) and H.R. 2307 (107th Congress), were referred to the House Committee on the Budget.

At a House Budget Committee hearing, "H.R. 853, The Comprehensive Budget Process Reform Act of 1999," on May 20, 1999, Dan L. Crippen, the Director of the Congressional Budget Office, testified in favor of establishing a new Commission on Budget Concepts. Director Crippen testified:

Finally, the extensive changes proposed by the bill also suggest a broader issue of budget process reform that I think should be addressed. It is time to convene a new Commission on Federal Budget Concepts. In general, Federal budget concepts are based on the recommendations of the 1967 President's Commission on Budget Concepts. Although the Commission's guidelines continue to apply broadly in the budget process, they do not address certain fundamental issues that lawmakers and budget scorekeepers currently face. For example, various proposals to reform Social Security, especially those that call for personal retirement accounts, raise thorny issues about the appropriate budgetary treatment. Further, the dividing line between Federal spending and revenue law has become blurred, as evidenced by the increasing use of refundable tax credits as a device for expanding budgetary resources. The use of public private partnerships, such as those involving military housing and various lease-purchase arrangements, also raises questions of budgetary treatment for which the Commission's original recommendations provide little or no guidance.

These and other issues put budget scorekeepers in a difficult position as they seek to apply outdated or incomplete concepts to novel policies. That situation suggests the need to reevaluate current budgetary concepts and to try to reach a consensus on changes that will make them clearer and more comprehensive.

At a June 27, 2001 House Budget Committee hearing, "Forthcoming Extension/Modification of the Budget Enforcement Act," Director Crippen again testified to the need for a new budget concepts commission. Director Crippen followed up on his June 27 testimony with a letter dated July 5, 2001. In this letter, Director Crippen enclosed a list of potential topics for a new budget concepts commission.

At a July 19, 2001 House Budget Committee hearing, "Structural Reform of the Federal Budget Process," the Deputy Director of the Congressional Budget Office, Barry B. Anderson, testified in favor of establishing a new budget process commission. Deputy Director Anderson testified that the 1967 Commission's report left a number of "thorny" questions that could be resolved by a new Commission

on Budget Concepts. Deputy Director Anderson explained many of the issues that remain unresolved and urged the Committee to support the establishment of a new Commission.

On August 3, 2001, Chairman Jim Nussle and Ranking Minority Member John M. Spratt Jr. offered an amendment in the nature of a substitute to H.R. 981, the "Budget Responsibility and Efficiency Act of 2001," during the House Budget Committee markup on that bill. The amendment in the nature of a substitute, the "Commission on Federal Budget Concepts Act of 2001," replaced the entire text of H.R. 981. The Committee adopted the amendment in the nature of a substitute by a voice vote. Also by a voice vote, the Committee ordered H.R. 981, as amended, reported to the House of Representatives.

BACKGROUND

In 1967, the President's Commission on Budget Concepts issued a report making recommendations for modifications of the Federal budget process. The recommendations were largely adopted through legislative or executive action. The impact of the report has been lasting and beneficial. In adopting many of the recommendations, the Federal budget changed markedly both in form and content. Perhaps the main recommendation made by the commission was to replace the system used at the time with a single, summary budget statement, rather than three or more different budgets.

Before the changes made pursuant to the commission's report, three different federal budgets were produced and used during the 1960s: the administrative budget, the consolidated cash budget, and the national income and product accounts budget. The commission's recommendations helped to create a unitary Federal budget.

Other recommendations included making the budget part of a broad financial plan and including appropriations, receipts, outlays, net lending, and the means of financing the deficit. It recommended shifting from cash-based budgeting to accrual budgeting for specific classes of obligations. This last item was adopted for loans and loan guarantees and continues to be considered for use in other appropriate areas. The commission also suggested that a distinction be made between loans and other expenses in the budget, an identification of loan subsidies, and for a means of financing section in the budget.

Yet, since the issuance of the report, there have been major changes in the the budget process and in the scope of the Federal government. Since the late 1960s, the Federal government has moved away from simply purchasing goods and services and toward the provision of entitlements and other benefits. In addition, a radical transformation in information technology now allows those who participate in creating the Federal budget to take advantage of new forms of data and to analyze it at a more efficient and rapid pace. Since the 1967 Commission made its recommendations, Congress has taken a more expansive role in determining and establishing budget priorities.

In 1974, Congress enacted the Congressional Budget and Impoundment Control Act that significantly changed the process whereby decisions are made and legislation considered on the respective floors of Congress. Prior to that year, no comprehensive

legislative document was prepared to guide members of Congress as to the overall appropriate spending and revenue levels. In addition, the practice of the President “impounding,” or refusing to spend appropriated funds, was ended. This asserted a Congressional role in an overall budgetary framework—a role Congress had been conducting piecemeal through various appropriation bills.

This was followed by significant legislative reforms in 1985 with the passage of the Balanced Budget and Emergency Deficit Control Act, and in 1990 with the Budget Enforcement Act. These two additions to the U.S. Code provided Congress with a means to attempt to control deficits. Congressional and other Federal spending decision makers are now faced with the expiration of elements of the budget process that have served for just over a decade. The major enforcement procedures produced under these two acts, and which were extended in 1993 and 1997, will expire at the end of 2002. Those procedures, which cap discretionary spending, appropriations, and require offsets for tax and entitlement legislation, have provided a companion structure to the Congressional budget process for budgetary decision making.

The significant changes in the way the Federal government budgets, the newly decisive participation of Congress in budgetary decision making, and the greatly increased complexity of government programs are all reasons that the budget process needs to be re-evaluated. However, fundamental changes in budgeting procedures should not take place in isolation. In reforming this process, a newly created budget concepts commission will assist Congress in coming to decisions in a deliberate, comprehensive way, rather than through piecemeal changes.

These and other changes call for reconstituting a budget commission that could, where necessary, reconcile procedures and conventions to the new budget environment, and reaffirm those that transcend changes brought on by specific budgetary needs. A commission is uniquely suited to establishing a consensus as what should be included in the budget and how such obligations should be recorded. It offers a forum for experts of all political persuasions to establish a conceptual framework for making budgetary decisions apart from the highly charged discussions on specific budget priorities.

Finally, the Budget Committee believes that an agreement on basic budget concepts is an important prerequisite for reforms in the process by which the Congress makes budgetary decisions. It seems reasonable that Congress and the President should first reach an agreement on what commitments should be reflected in the budget and how these commitments should be measured before they turn their attention to the procedures by which they prioritize these commitments.

SECTION-BY-SECTION

Section 1. Short title

This provides that the act may be cited as the “Commission on Federal Budget Concepts Act of 2001”.

Section 2. Findings and purpose

(a) Findings

Subsection (a) sets forth four findings that provide the context for a new Concepts Commission. They are as follows: (1) President Lyndon Johnson created the Commission on Federal Budget Concepts in 1967 by executive order to assess the basic budget concepts that underlie the Federal budget process; (2) the Commission's report provided a common framework for the development, presentation, and execution of the Federal budget for the ensuing decades; (3) since the release of that report, the Federal Government has experienced major changes in the scope of its financial commitments, the nature of its various budget transactions, the role of Congress in budget decisions, and the imposition of special controls over spending and revenue; and (4) in view of these changes, a new Commission on Federal Budget Concepts should be created to assess the present state of budget concepts and forge a bipartisan consensus for necessary changes.

(b) Purpose

This subsection states that the purpose of the act is to establish the Commission on Federal Budget Concepts, which is to review, evaluate, and make recommendations respecting the budget concepts that underlie the Federal budget and the Federal budget process and to assess the feasibility of changing from an annual to a biennial budget cycle.

Section 3. Establishment of Commission on Federal Budget Concepts

This section establishes the Commission on Federal Budget Concepts.

Section 4. Powers and duties of Commission

(a) Duties of the Commission

This subsection delineates the duties of the commission. They are as follows: (1) an identification of activities, entities, and transactions to be included in the Federal budget and the criteria for making such determinations; (2) an assessment of the appropriate measures of Federal financial commitments to allocate resources and establish fiscal policy; (3) an evaluation of the differences between user fees and revenue, and among various forms of user fees, and the circumstances when such fees should be accounted for as offsetting spending or adding to revenue; (4) an appraisal of the appropriate usage of cash and accrual-based measures for various types of Federal financial commitments, such as Government insurance, loan guarantees, and leasing; (5) recommendations on the appropriate means for recognizing the cost of acquisition and disposition of various types of nonfinancial assets; (6) an evaluation of appropriate measures of Federal debt, borrowing, and means of financing; (7) an assessment of the adequacy of the current account and fund structure for recording revenue and expenditures for specific classes of governmental activities; (8) recommendations for changes in Federal budget practices to accommodate the Federal Accounting Standards Advisory Board's recommended accounting

standards; (9) recommendations for changes in budget practices to reflect the Federal Government's multi-year acquisitions; (10) the appropriate means of accounting for the financial risk the Federal Government incurs from contractual and implied commitments; and (11) an assessment of the value and feasibility of changing the Federal budget cycle from annual to biennial. This list is not exclusive and it is expected that the members may raise additional subjects on their own.

This subsection also includes several exceptions to the duties of the Commission. It provides that it may make no findings, conclusions, or recommendations respecting the following: (1) Social security and medicare; (2) budget estimates and projections that assume that selected tax policies will increase gross domestic product and thereby cause an indirect increase in revenue, or that assume that increased spending for human resources or capital development will cause an indirect reduction in spending for other programs; and (3) government-sponsored enterprises.

(b) Powers of the Commission

Subsection (b) enumerates the specific powers of the Commission. The Commission may hold hearings, take testimony, receive evidence, and undertake any other activities necessary to carry out its duties. It is authorized to receive from a United States government agency any information necessary to carry out its duties. If the Chair of the Commission so requests, the head of a department or agency must furnish information to the Commission. It also provides that the Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

Section 5. Membership

(a) Membership

The Commission will have 16 members, including two non-voting members. Twelve of the members will be appointees. The Chairmen of the House and Senate Budget Committees and the Ranking Members of the House and Senate Budget Committees will each appoint three members to the Commission. The Director of the Office of Management and Budget and the Secretary of the Treasury or their designees will also be Members of the Commission.

In addition, the Comptroller General of the United States and the Director of Congressional Budget Office or their designees will be non-voting Members of the Commission.

(b) Qualifications and term

Subsection (b) stipulates that Members appointed to the Commission must have expertise and experience in the fields and disciplines related to the budget concepts under consideration. Members of Congress may not be appointed to the Commission. Commission members will be appointed for the life of the Commission.

The Director of the Office of Management and Budget or the member serving as the Director's designee will chair the Commission. The Commission may also elect a Vice Chairman to serve in case of the Chairman's absence. The Comptroller General and the

Director of the Congressional Budget Office will not be eligible to be the Vice Chairman.

(c) Meetings; quorums; and vacancies

Subsection (c) requires the Commission to meet at least once a month. The Commission may meet on additional days at the call of the Chair or by a majority of the Commission's voting members. Meetings must be open to the public unless the Commission votes to close a meeting to the public.

A majority of the Commission's voting membership will constitute a minimum quorum for conducting any business, but three voting members will be sufficient for taking testimony.

Vacancies will be filled in the same manner as the original appointment.

(b) Compensation and expenses

Commission members will not be paid for their services. However, Commission members may receive travel expenses. Travel expenses will be paid at rates authorized for Federal employees.

Section 6. Staff and support services

(a) Staff

With the approval of the Commission, the executive director may appoint appropriate personnel. Staff appointments will be made without regard to political affiliation. In addition, staff may be paid without regard to personnel classifications and General Schedule pay rates.

(b) Executive director

The Chairman will appoint an executive director. The executive director will be paid the basic rate of pay for level II of the Executive schedule—\$145,100 in 2001.

(c) Experts and consultants

With the approval of the Commission, the executive director may also hire consultants and experts pursuant to such restrictions on contracts as required by Title 5 of the United States Code.

(d) Technical and administrative assistance

Subsection (d) directs Executive and Legislative agencies to provide technical assistance to the Commission as requested. Such assistance will be provided without reimbursement from the Commission. The General Service Agency will provide administrative support services as requested by the Commission. The Commission will reimburse the General Service Agency for the cost of such services.

(e) Detail of Federal personnel

Legislative and Executive agencies and offices are authorized to detail personnel to the Commission if requested by the Commission. Agencies and offices will not be reimbursed for the detail.

(f) CBO

The Congressional Budget Office (CBO) is required to provide the Commission with CBO's latest research on the accuracy of its budg-

et forecasts and economic projections. The CBO is further required to compare its forecasts and projections with those prepared by the Office of Management and Budget and where possible with private sector projections. The Commission will cooperate with the Directors of the Congressional Budget Office and the Office of Management and Budget in their efforts to explain the reasons for the accuracy of budget projections.

Section 7. Report

Section 7 directs the Commission to deliver its final report to the President and Congress by November 15, 2002. The report is required to contain a detailed statement of the Commission's findings and conclusions. The Commission is also required to report its recommendations for legislative and administrative actions.

The report must be approved by a majority of the Commission's voting members. It is the intent of the Committee that the majority voting to approve the report will include at least two members from each major political party. The bill requires that the reporting majority include at least two members from among those members appointed by the Chairman of the Senate Budget Committee and the Ranking Minority Member of the House Budget Committee. Likewise the reporting majority must also include two members from the group including the Director of the Office of Management and Budget, the Secretary of the Treasury, and those members appointed by the House Budget Committee Chairman and the Ranking Minority Member of the Senate Budget Committee.

Any Commission member may include dissenting findings, conclusions or recommendations in the Commission's final report.

Section 8. Termination

The Commission will terminate thirty days after it delivers its final report to the Congress and the President of the United States.

Section 9. Funding

The bill authorizes up to \$1 million to be appropriated for the purposes of the Commission established by this bill.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104-1 requires a description of the application of this bill to the legislative branch. This bill establishes a Commission on Federal Budget Concepts to review, evaluate, and make recommendations respecting budget concepts that underlie the Federal budget and the Federal budget process and to assess the feasibility of changing from an annual to a biennial budget. The bill does not permit Members of Congress to be appointed as Members of the Commission, but employees of the legislative branch may be appointed as Members of the Commission and may also be detailed to the staff of the Commission.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. This bill establishes a Commission on Federal Budget Concepts to review, evaluate, and make recommendations respecting budget concepts that underlie the Federal budget and the Federal budget process and to assess the feasibility of changing from an annual to a biennial budget. As such, the bill does not contain any unfunded mandates.

ROLLCALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter, the total number of votes for and against, and the names of the Members voting for and against. No recorded votes were taken on H.R. 981. An Amendment in the Nature of a Substitute was adopted by voice vote. H.R. 981 was ordered to be reported by voice vote.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in Article I, section 8, clause 18, which grants Congress the general legislative power to make all laws necessary and proper for carrying into execution the enumerated powers of Congress.

COMMITTEE ESTIMATE

Clauses 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 981. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act. An estimate prepared by the Congressional Budget Office is included below.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

H.R. 981—Commission on Federal Budget Concepts Act of 2001

CBO estimates that implementing H.R. 981 would cost \$1 million over the 2002–2003 period, assuming appropriation of the authorized amount. The bill would not affect direct spending or receipts,

so pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

H.R. 981 would establish a Commission on Federal Budget Concepts and would authorize the appropriation of \$1 million for its activities. The commission would be directed to review, evaluate, and make recommendations on the budget concepts that underlie the federal budget and budget process and to assess the feasibility of converting from an annual to a biennial budget cycle. The bill would prohibit the commission from addressing or making recommendations on Social Security, Medicare, certain macroeconomic effects of policy changes, or government-sponsored enterprises. The commission would be required to report to the President and the Congress no later than November 15, 2002, and would terminate 30 days after transmitting its report.

The commission would be composed of 14 voting members, including the Director of the Office of Management and Budget and the Secretary of the Treasury. The Comptroller General and the Director of the Congressional Budget Office would serve as non-voting members. Members of the commission would serve without compensation. The chairman would be authorized to appoint an executive director, who could hire temporary staff and procure other services as authorized by law. Federal agencies could provide technical and administrative support under certain conditions. CBO estimates that the costs incurred by federal agencies would not be significant.

The CBO staff contact for this estimate is Sandy Davis. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with Clause (3)(c)(4) of House Rule XIII, the goals of H.R. 981 are to establish a Commission on Federal Budget Concepts that will review, evaluate, and make recommendations respecting budget concepts that underlie the Federal budget and the Federal budget process and to assess the feasibility of changing from an annual to a biennial budget. The Committee expects the Office of Management and Budget to comply with H.R. 981 and implement the changes to the law in accordance with these stated goals.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 981 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

SUPPLEMENTAL VIEWS

I submit the attached letter as “Supplemental Views” to be included in the Budget Committee’s report on the Commission on Federal Budget Concepts Act of 2001, the bill voted out of committee as a substitute to H.R. 981, the Budget Responsibility and Efficiency Act of 2001.

JOHN M. SPRATT, Jr.

Enclosure.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, August 1, 2001.

DEAR BUDGET COMMITTEE COLLEAGUE: When the Committee takes up H.R. 981 tomorrow, we will offer a bipartisan substitute amendment to create a Commission on Federal Budget Concepts. This letter is intended to explain our proposal, and to urge your support for our amendment.

First, we are considering H.R. 981—the Budget Responsibility and Efficiency Act of 2001, cosponsored by our friends and Committee colleagues Charlie Bass and Bob Clement—under conditions we would not have chosen. Through an unprecedented procedure, we have been required to act on this biennial budgeting bill by September 5, or be discharged from further consideration of it. We do not want to see the jurisdiction of the Committee on the Budget eroded through inaction. Equally important, we do not believe such a fundamental change in budgeting procedures should be considered in isolation. The budget process needs to be reformed in a comprehensive way. Adopting a piecemeal change such as this risks creating the illusion that budget process reform is complete—and depriving us of any further reform opportunities.

Regarding the merits of biennial budgeting, we respect the earnest arguments of its proponents, but we have doubts that it can provide the returns promised. We believe that the difficulties Congress faces every autumn arise not from the frequency of the budget process, but because of the passionate disagreements over fiscal policy and how to allocate those resources across competing priorities. We fear that, by limiting the opportunities for Congress to adapt the budget to constantly changing economic conditions and needs of the voters, this bill could make it far more difficult to keep the budget in balance. We are concerned that biennial budgeting might actually reduce effective oversight, by reducing the number of times Appropriations subcommittees weigh the funding requests of Federal agencies—which are the times those agencies are most attentive to Congressional concerns.

But regardless of our positions on biennial budgeting, we do need to overhaul not only how we conduct the process, but also how we think and talk about the budget, and how we analyze it. That is the reason for the Commission on Federal Budget Concepts that we

propose. Not since the 1967 Budget Commission—which laid the cornerstone of our current budget—have we assessed the concepts that underlie the budget. It is doubtful we can adequately update the budget process while retaining basic budget measurement concepts that are more than 3 decades old. Some fundamental budget issues remain unresolved, causing the budget to measure some commitments and receipts inaccurately. These inaccuracies encourage Congress to adopt policies that make sense only because they are inaccurately reflected in the budget.

The Commission we propose would, among other things, reassess the appropriate measures of Federal spending; evaluate differences between “revenues” and various forms of user fees; appraise the appropriate use of cash and accrual-based measures for various long-term Federal commitments; assess the adequacy of the current Government account and fund structure; review potential changes in budget practices to reflect the Federal Government’s multiyear commitments for various acquisitions; and assess the value and feasibility of moving to a biennial budget cycle. By resolving these and other issues, the Congress will be able to adopt more transparent budgets that encourage better policies.

We have agreed on the need for this Commission, its purview, its Membership, and its structure. We urge your support for our amendment.

Sincerely,

JIM NUSSLE,
Chairman.
JOHN M. SPRATT, Jr.,
Ranking Member.

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